

VZCZCXRO2738
OO RUEHNZ
DE RUEHWL #0687 2630344
ZNR UUUUU ZZH
O 200344Z SEP 07
FM AMEMBASSY WELLINGTON
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4716
INFO RUEHBY/AMEMBASSY CANBERRA PRIORITY 4961
RUEHNZ/AMCONSUL AUCKLAND PRIORITY 1470
RUEHBN/AMCONSUL MELBOURNE PRIORITY 0117
RUEHDN/AMCONSUL SYDNEY PRIORITY 0580
RUCPDO/USDOC WASHDC PRIORITY 0178

UNCLAS WELLINGTON 000687

SIPDIS

SIPDIS

STATE FOR EAP/ANP, EB/TPP/ABT GARY CLEMENTS, COMMERCE FOR
ITA/OTEXA MARIA D'ANDREA, USTR FOR CAROLYN MILLER

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [KTEX](#) [NZ](#)

SUBJECT: NEW ZEALAND'S TEXTILE AND APPAREL SECTOR

REF: STATE 114799

¶1. New Zealand (NZ) is recognized as a global leader in the production of sheep's wool. With the exception of wool, this country's textile/apparel requirements are dominated by imports. New Zealand sheep's wool is the variety that is used mainly in interior textiles such as carpets, upholstery, furnishings, beddings and rugs. It is also used for hand-knitting yarn and in knitwear and blankets. The industry has estimated that in the domestic market, 34% of new Zealand wool is used in machine-made carpets, 12% in hand-knotted and hand-tufted carpets, 44% in apparel and 10% in other uses, primarily upholstery and bedding.

¶2. The United States ranks as New Zealand's fifth most significant textile/apparel import source. China is the leading source of New Zealand's textile/apparel imports. Chinese textile/apparel imports represent approx 74% of total textile/apparel imports into the NZ market. Australia is New Zealand's next most significant import source. In response to reftel, Statistics New Zealand reports for 2006 the following:

- The value (i.e., operating income) of total manufacturing was approx. 52 billion USD in 2006.
- The value (i.e., operating income) of total textile/apparel production was approx. 2 billion USD in 2006.
- Textiles/Apparel comprise 0.6% of all NZ exports with raw wool amounting to an additional 2.73% of total exports.
- Textiles/Apparel comprise approx 5% of all NZ imports.
- New Zealand's Gross Domestic Product for 2006 was approx. 90 billion USD.

- The value of textile and apparel imports to NZ in 2006 is as follows:

- apparel 864,962,900 USD and textiles 360,979,100 USD totaling 1,225,942,200 USD.

- Chinese apparel imports were 639,491,000 USD and textiles imports were 45,660,990 USD

- for a total of 685,151,990 USD in 2006.

- U.S. apparel imports were 16,069,790 USD and textile imports were 27,438,460 USD

- for a total of 43,508,250 USD in 2006.

- The value of NZ apparel exports to the U.S. were 17,375,910 USD and textiles were 33,086,650 USD

- for a total of 50,462,560 USD in 2006.

- Of a total employed workforce of 1,723,800 in 2006 there were 234,700 employed in the manufacturing sector of the economy.

¶3. Even with the currently high market penetration by China

in the textile/apparel sector, negotiations are currently underway by GNZ to conclude a free trade agreement (FTA) with China which will spell even greater market penetration. The parties have to date concluded fourteen rounds of negotiations with the ambitious goal of concluding an FTA by April 2008. Despite the GNZ's optimistic forecast of the anticipated benefits of increased trade with China, New Zealand's powerful Manufacturers' Union has threatened to push back on any threat to local manufacturers from cheap Chinese imports but the battle for the textile/apparel sector may have already been a forgone conclusion based on the current import statistics.

MCCORMICK